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## Department of Insurance

### SURPLUS LINES BULLETIN NO. 1

#### **PRESCRIBED SURPLUS LINES FORMS: PURPOSE: FILING**

Original No. 69-2  
Amended April 15, 1992

The Delaware Insurance Department makes available certain forms applicable to the operation of Surplus Lines business pursuant to 18 Del. C., Chapter 19. Below is a full explanation of each form, and it is suggested that careful scrutinizing be given to these forms in order to avoid any complications.

The purpose of these forms is to keep accurate records for the determination of what insurance is eligible for export and to ascertain applicable taxes. Also, the information gathered will help the Department to identify any deficiencies in the insurance business in this State.

#### **BROKERS AFFIDAVIT - FORM SLB-A1:**

At the time that each and every surplus lines insurance is effected, the Surplus Lines Broker, who assist in issuing such insurance, shall execute an affidavit setting forth facts from which it can be determined whether such insurance is eligible for export under the Surplus Lines Laws. This affidavit shall be filed with the Insurance Department not more than 30 days after the effective date of the insurance. This form may be reproduced as needed.

#### **SURPLUS LINES BROKER'S CERTIFICATE - FORM SLB-C1:**

Upon placing surplus line coverage, the broker shall promptly issue and deliver to the insured as evidence of coverage either the policy, as issued by the insurer; or, if the same is not available, a Surplus Lines Broker's Certificate. Such certificate shall be executed by the broker and contain therein all information and material pertinent to the risk. Such certificate shall contain the name and address of the insurer and the insured, description and location of the risk, coverage, conditions and terms of the insurance, premiums and rates charged, and tax collected. If there is more than one insurer sharing the risk, the name, address and proportion of the risk shall be included.

This certificate shall not be issued until the broker has confirmation from the insurer that such insurance has been accepted and is in effect. It should be noted that after the issuance of such a certificate, any material change in the coverage or conditions on the risk will immediately necessitate the reissuance of a corrected and updated certificate reflecting the new conditions of the coverage.

The submission of a true copy of said form on an occurrence basis shall be deemed in compliance with Section 1906(b), which requires that the Surplus Lines Broker shall file a memorandum as to each such coverage placed by him in an unauthorized insurer.

If and when a policy for such insurance becomes available, the broker shall immediately replace the certificate with the policy. A true copy of each certificate will be kept on file at the office of the broker. Any issuance of such certificate contrary to the provisions governing same shall be subject to the penalties as set forth in Section 1908(e) or where other laws may apply. The attached certificate may be reproduced as needed.

#### **ENDORSEMENT OF CONTRACT:**

As required by Section 1909, each insurance contract issued on a surplus lines basis shall have stamped upon it the following: "This insurance contract is issued pursuant to Delaware Insurance Laws by an insurer neither licensed by nor under the jurisdiction of the Delaware Insurance Department." This stamp shall also be initialed by or bear the name of the issuing broker.

**BROKER'S RECORD - FORM SLB-R1:**

Pursuant to Section 1915, each Surplus Lines Broker shall keep in his office in this State a full and true record of all surplus lines transactions. The attached record sheet shall serve as a model for the information that is required to be kept. Such record shall be a true record of each surplus lines coverage affected. It shall contain such of the following items as may be applicable:

1. Amount of the insurance;
2. Gross premium charged;
3. Return premium paid, if any;
4. Rate of premium charged upon the several items of property;
5. Effective date of the contract and the terms thereof;
6. Name and address of each insurer on the direct risk and the percentage of risk assumed by each insurer if less than the entire risk is being insured;
7. Name and address of the insured;
8. Brief general description of the property or risk insured and where located or to be performed; and
9. Other information to be required by the Commissioner.

**PENALTIES:**

In addition to any prescribed denial, suspension or revocation of license, anyone convicted or abridging the provisions may be subject to the penalties in Section 1913.